

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

CIVIL ACTION NO.
1-90-MC-919

IN RE:

DONALD J. TRUMP CASINO
SECURITIES LITIGATION

ORAL DEPOSITION OF
DAVID WEBB

* * * * *
TUESDAY, SEPTEMBER 17, 1991
* * * * *

TRANSCRIPT IN THE ABOVE MATTER TAKEN
AT THE OFFICES OF SHEARMIN & STERLING, ESQUIRES,
CITICORP BUILDING, NEW YORK, NEW YORK COMMENCING
AT 9:00 A.M.

A P P E A R A N C E S:

BERGER & MONTAGUE, ESQUIRES
BY: TODD COLLINS, ESQUIRE
ATTORNEYS FOR THE PLAINTIFFS

THE SHIDLER GROUP
BY: CLAY W. HAMLIN, III, ESQUIRE
ATTORNEYS FOR THE PLAINTIFFS

SHEARMAN & STERLING, ESQUIRES
BY: STUART BASKIN, ESQUIRE
-AND-

DAVID BRADFORD, ESQUIRE
ATTORNEYS FOR MERRILL LYNCH

CERTIFIED SHORTHAND REPORTING SERVICES
ARRANGED THROUGH
MASTROIANNI & FORMAROLI, INC.
104 WHITE HORSE PIKE
HADDON HEIGHTS, NEW JERSEY 08035
(609) 546-1100

Exhibit
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1 A P P E A R A N C E S: (CONTINUED)

2 WILLKIE, FARR & GALLAGHER, ESQUIRES
3 BY: IRENE KOCH, ESQUIRE
4 ATTORNEYS FOR THE TAJ MAHAL HOTEL AND CASINO

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1 (DAVID WEBB, HAVING BEEN DULY SWORN, WAS EXAMINED
2 AND TESTIFIED AS FOLLOWS:)

3 (EXAMINATION OF MR. WEBB BY MR. COLLINS:)

4 Q. MR. WEBB, THANK YOU FOR COMING TODAY. MY
5 NAME IS TODD COLLINS.

6 MR. BASKIN: WHATEVER PROCEDURES YOU
7 AGREED TO YESTERDAY AS FAR AS FORM OF THE
8 QUESTIONS AND THE LIKE WOULD BE FINE FOR OUR
9 PURPOSES. I DON'T FRANKLY KNOW WHAT WAS AGREED TO
10 YESTERDAY, DO YOU?

11 MR. COLLINS: NO, IT MAKES ME A
12 LITTLE UNCOMFORTABLE TO AGREE TO SOMETHING I'M NOT
13 AWARE OF.

14 MR. BASKIN: CERTAINLY OBJECTIONS TO
15 THE FORM CAN BE RESERVED AS WELL AS OBJECTIONS TO
16 SUBSTANCE CAN BE RESERVED AND PRESUMABLY THE
17 SUBJECT TO WHATEVER STAGE OF CONFIDENTIALITY WE'VE
18 AGREED TO PREVIOUSLY AND I TAKE IT HE CAN SWEAR TO
19 IN FRONT OF ANY OATH GIVER AND SIGN THE NORMAL
20 DEPOSITION PROTOCOL IN THAT RESPECT AS TO
21 FORMALITIES.

22 MR. COLLINS: YES TO ALL THAT.

23 BY MR. COLLINS:

24 Q. MY NAME IS TODD COLLINS AND I AND MR. CLAY
25 HAMLIN, WE ARE GOING TO DEPOSE YOU IF WE MAY. YOU

1 ARE CURRENTLY EMPLOYED BY MERRILL LYNCH?

2 A. YES.

3 Q. AND WHAT IS YOUR POSITION CURRENTLY WITH
4 MERRILL LYNCH?

5 A. MANAGING DIRECTOR AND INVESTMENT BANKING
6 DIVISION.

7 Q. AND YOU HAVE BEEN DEPOSED BEFORE?

8 A. NO.

9 Q. NEVER BEFORE?

10 A. NO.

11 Q. IF I ASK A QUESTION AND YOU DON'T UNDERSTAND
12 IT, WOULD YOU BE GOOD ENOUGH TO TELL ME THAT YOU
13 DON'T UNDERSTAND, PLEASE?

14 A. YES.

15 Q. I'LL BE ASKING YOU A SERIES OF QUESTIONS.
16 THE COURT REPORTER WILL BE TAKING THEM DOWN. YOU
17 KNOW THAT YOU ARE SWORN.

18 ARE YOU AWARE THAT THIS DEPOSITION IS BEING
19 TAKEN IN CONNECTION WITH THE TAJ MAHAL BOND HOLDER
20 JUNK SECURITIES LITIGATION?

21 A. YES.

22 Q. HAVE YOU READ THE COMPLAINT IN THIS ACTION?

23 A. YES.

24 Q. HAVE YOU REVIEWED ANY DOCUMENTS IN
25 PREPARATION FOR THIS DEPOSITION?

1 A. YES.

2 Q. WHAT DID YOU REVIEW, PLEASE, TO THE EXTENT
3 THAT YOU CAN RECALL?

4 A. IT WAS, I COVERED A NUMBER OF DOCUMENTS. IT
5 INCLUDED THE COMPLAINT, THE PROSPECTUS AND THERE
6 WERE DOZENS OF THINGS.

7 Q. DID YOU LOOK AT ANY, DID YOU LOOK AT THE
8 SUMMARY DUE DILIGENCE MEMORANDUM?

9 A. YES, I DID.

10 Q. NOW, DID YOU LOOK AT ANY PROJECTIONS THAT
11 WERE IN EXISTENCE AT THE TIME OF THE OFFERING?

12 A. YES.

13 Q. AND DID YOU LOOK AT ANY APPRAISALS?

14 A. I DIDN'T REVIEW THE SPECIFIC APPRAISAL. TO
15 BE CLEAR, I DID AT THE TIME OF THE OFFERING, BUT I
16 DIDN'T REVIEW THEM IN ADVANCE OF THIS.

17 Q. NOW, IN CONNECTION WITH -- THE OFFERING WAS
18 UNDERWRITTEN BY MERRILL LYNCH; IS THAT CORRECT?

19 A. YES.

20 Q. DID YOU PERSONALLY HAVE A ROLE IN CONNECTION
21 WITH MERRILL LYNCH'S WORK ON THE OFFERING?

22 A. YES.

23 Q. WHAT WAS THAT ROLE, PLEASE?

24 A. I WAS RESPONSIBLE FOR THE FIRM'S
25 RELATIONSHIP WITH DONALD TRUMP. I LED THE

1 SOLICITATIONS OF THE BUSINESS FROM HIM AND I WAS
2 THE SENIOR MEMBER OF THE MERRILL LYNCH TEAM THAT
3 EXECUTED THE FINANCING.

4 Q. WHEN YOU SAY YOU WERE THE SENIOR MEMBER OF
5 THE MERRILL LYNCH TEAM THAT EXECUTED THE
6 FINANCING, WHAT DOES THAT MEAN?

7 A. I WAS THE TEAM LEADER, AS IT WERE.

8 Q. AS TEAM LEADER, DID YOU DIRECT THE DUE
9 DILIGENCE ACTIVITIES UNDERTAKEN BY MERRILL LYNCH?

10 A. I WAS INVOLVED IN MUCH OF THE DUE DILIGENCE.

11 Q. WHO, IF ANYONE, DETERMINED WHAT DUE
12 DILIGENCE WOULD BE UNDERTAKEN?

13 A. IT WAS A COLLABORATIVE EFFORT AMONGST THE
14 TEAM MEMBERS AND OUR COUNSEL AS TO DEFINITE THINGS
15 WE WISHED TO INVESTIGATE AS PART OF THE PROCESS.

16 Q. NOW, PRIOR TO THIS OFFERING, YOU HAD THEN, I
17 PRESUME, BEEN INVOLVED IN OTHER OFFERINGS AT
18 MERRILL LYNCH?

19 A. YES.

20 Q. AND IN CONNECTION WITH THOSE OTHER
21 OFFERINGS, HAD YOU BEEN INVOLVED WITH DUE
22 DILIGENCE ACTIVITIES IN THOSE OFFERINGS?

23 A. YES.

24 Q. HAD YOU BEEN INVOLVED IN AT LEAST FIVE
25 OFFERINGS PRIOR TO THIS PARTICULAR OFFERING WHILE

1 AT MERRILL LYNCH?

2 A. IF I MAY ASK, WHAT SPECIFICALLY DO YOU MEAN
3 BY OFFERING?

4 Q. LET ME NARROW THAT, IF I MAY, TO OFFERINGS
5 OF PUBLIC OFFERINGS OF BONDS, SPECIFICALLY HIGH
6 YIELD JUNK BONDS.

7 A. IN THAT CASE, THE ANSWER WOULD BE NO.

8 Q. WAS THIS THE FIRST JUNK BOND -- IS IT FAIR
9 TO CHARACTERIZE THE BONDS THAT ARE THE SUBJECT OF
10 THIS LITIGATION AS JUNK BONDS? IS HIGH YIELD
11 BONDS A BETTER TERM?

12 A. THE BONDS HAD BOTH REAL ESTATE
13 CHARACTERISTICS AND HIGH YIELD BOND
14 CHARACTERISTICS. BUT YES, THEY DEFINITELY HAD A
15 HIGH YIELD.

16 Q. WAS THIS THE FIRST HIGH YIELD BOND OFFER IN
17 WHICH YOU HAD BEEN INVOLVED AT MERRILL LYNCH?

18 MR. BASKIN: INVOLVED? THAT'S A
19 PRETTY BROAD TERM. YOU'RE NOT TALKING AS TEAM
20 LEADER NOW?

21 MR. COLLINS: NO, I MEANT AS MEMBER
22 OF THE TEAM, EITHER A LEADER OR SOMEONE ELSE.

23 THE WITNESS: NO, I WANT TO BE,
24 RESPONSIVE TO YOUR QUESTION. I CERTAINLY HAD BEEN
25 CONSULTED ON CERTAIN REAL ESTATE ASPECTS THAT MAY

1 HAVE BEEN INVOLVED IN OTHER OFFERINGS.

2 BY MR. COLLINS:

3 Q. HAD YOU BEEN TEAM LEADER PRIOR TO THIS
4 OFFERING OF ANY HIGH YIELD BOND OFFERING?

5 A. NO.

6 Q. HAD YOU BEEN TEAM LEADER PRIOR TO THIS
7 OFFERING OF ANY SECURITIES OFFERING OTHER THAN A
8 HIGH YIELD BOND OFFERING?

9 A. ONCE AGAIN, COULD YOU BE MORE SPECIFIC ABOUT
10 SECURITIES OFFERING?

11 Q. I'M REFERRING TO AN OFFERING OF EITHER
12 EQUITY OR DEBT IN A PUBLIC OFFERING.

13 A. IN A PUBLIC OFFERING?

14 Q. YES.

15 A. I DON'T BELIEVE SO.

16 MR. COLLINS: I'M GOING TO MARK, IF I
17 MAY, A DOCUMENT THAT'S BATES STAMPED M NINE EIGHT
18 SIX ONE THROUGH NINE EIGHT SIX FIVE AS PLAINTIFF'S
19 EXHIBIT, AS WEBB EXHIBIT ONE, IF I MAY.

20 (EXHIBIT WEBB-1, SUMMARY DUE
21 DILIGENCE MEMORANDUM, IS MARKED FOR
22 IDENTIFICATION)

23 BY MR. COLLINS:

24 Q. IF YOU WOULD TAKE A LOOK AT THIS DOCUMENT
25 AND TELL ME, IF YOU WOULD, WHETHER YOU'VE SEEN IT

1 DIRECTOR AT THAT TIME.

2 Q. WHAT WAS HIS FUNCTION IN THE OFFERING?

3 A. PRIMARILY REAL ESTATE RELATED ISSUES.

4 Q. HOW DID YOU DIVIDE THE RESPONSIBILITIES FOR
5 THE REAL ESTATE AREA BETWEEN YOURSELF AND SALSMAN?

6 A. I WOULD SAY THAT WE WERE SUBSTANTIALLY
7 INTERCHANGEABLE. ALTHOUGH HE DOES REPORT TO ME.

8 Q. AT MERRILL LYNCH AT THE TIME OF THE
9 OFFERING, WHAT WAS THE NEXT STEP DOWN IN THE
10 HIERARCHY FROM MANAGING DIRECTOR?

11 A. WE NOW HAVE A TITLE CALLED DIRECTOR. THAT
12 TITLE MAY HAVE BEEN IN EFFECT.

13 Q. DO YOU KNOW WHETHER THERE WAS ANY DIRECTOR
14 WHO WORKED DIRECTLY ON THE OFFERING?

15 A. DAIFOTIS MAY HAVE BEEN A DIRECTOR.

16 Q. WHAT WAS MR. DAIFOTIS' FUNCTION IN
17 CONNECTION WITH THE OFFERING?

18 A. DAIFOTIS WAS THE SENIOR MOST HIGH YIELD
19 SPECIALIST DIRECTLY INVOLVED WITH THE TRANSACTION.

20 Q. WAS THERE ANYONE AT MERRILL LYNCH WHO HAD
21 RESPONSIBILITY FOR THE CASINO INDUSTRY OR THE
22 GAMING ASPECTS OF THE TRANSACTION?

23 A. THE FIRM DOESN'T HAVE A SPECIALIST CASINO
24 DEPARTMENT.

25 Q. DID YOU PERSONALLY, PRIOR TO THIS OFFERING,

1 HAVE EXPERIENCE IN THE CASINO INDUSTRY?

2 A. YES.

3 Q. DO YOU KNOW WHETHER MANELLA OR DAIFOTIS OR
4 SALSMAN HAD SUCH EXPERIENCE PRIOR TO THE OFFERING?

5 A. I DON'T KNOW SPECIFICALLY.

6 Q. WHAT WAS YOUR EXPERIENCE, PRIOR TO THE
7 OFFERING, IN THE CASINO INDUSTRY, PLEASE?

8 A. I WAS ON THE TEAM OF THE FIRM THAT
9 REPRESENTED THE ESTATE OF JAMES CROSBY IN THE
10 DISPOSITION OF THEIR RESORTS INTERNATIONAL SHARES.

11 Q. WHEN DID THAT DISPOSITION TAKE PLACE?

12 A. MY BEST RECOLLECTION WAS THAT IT WAS EITHER
13 LATE '86 OR '87, BUT, THAT'S MY BEST RECOLLECTION.

14 Q. NOW, APART FROM YOUR WORK IN CONNECTION WITH
15 THAT DISPOSITION OF THE RESORTS SHARES IN THE
16 CROSBY ESTATE, DID YOU HAVE OTHER PRIOR EXPERIENCE
17 IN THE CASINO INDUSTRY?

18 A. WHEN YOU SAY PRIOR EXPERIENCE, CAN I ASK YOU
19 TO ELABORATE, PLEASE?

20 Q. I'LL BE GLAD TO TRY. PRIOR TO THE OFFERING
21 THAT'S THE SUBJECT OF THIS LITIGATION, DID YOU
22 WORK AS A MEMBER OF A MERRILL LYNCH TEAM IN
23 CONNECTION WITH AN UNDERWRITING IN THE CASINO
24 INDUSTRY?

25 A. NO.

1 Q. THE SUMMARY THAT YOU SAW, THAT YOU JUST
2 TESTIFIED TO, WAS A SUMMARY THAT YOU LOOKED AT IN
3 CONNECTION WITH YOUR PREPARATION FOR THIS
4 DEPOSITION; IS THAT CORRECT?

5 A. YES.

6 Q. AT ANY TIME, WAS THERE ANY OTHER DOCUMENT
7 APART FROM THAT SUMMARY, WAS THERE ANY DOCUMENT
8 THAT AT ANY TIME YOU LOOKED AT, INCLUDING AT THE
9 TIME OF THE OFFERING, THAT REVEALED TO YOU A LOWER
10 NET REVENUE NUMBER PREPARED BY LAVENTHOL AND
11 HORWATH?

12 MR. BASKIN: AGAIN, WE ARE TALKING
13 FOR PURPOSES OF THE DEPOSITION? AT ANY TIME IN
14 THE PAST, INCLUDING 1988?

15 MR. COLLINS: YES.

16 THE WITNESS: I DON'T REMEMBER IF I
17 SAW THIS OR ANY REFERENCES TO IT BEFORE.

18 BY MR. COLLINS:

19 Q. AND BY THIS, SIR, ARE YOU REFERRING TO PAGE
20 THREE FOUR FIVE FOUR OF EXHIBIT SEVEN?

21 A. I'M REFERRING TO THIS ENTIRE DOCUMENT.

22 MR. BASKIN: EXHIBIT SEVEN.

23 MR. COLLINS: FINE, THANK YOU.

24 BY MR. COLLINS:

25 Q. DO YOU KNOW WHETHER, AS OF NOVEMBER 9, 1988,

1 YOU HAD ANY KNOWLEDGE THAT LAVENTHOL AND HORWATH
2 HAD EVER DONE ANY WORK IN CONNECTION WITH THE
3 TAJ?

4 MR. BASKIN: YOU MEAN DAVID
5 PERSONALLY?

6 MR. COLLINS: YES.

7 THE WITNESS: I SIMPLY DON'T REMEMBER
8 WHETHER I SAW THIS BEFORE, KNEW THEY HAD DONE WORK
9 BEFORE, I'M AFRAID I DON'T RECALL.
10 BY MR. COLLINS:

11 Q. I DON'T MEAN TO BE PEDANTIC OR MORE PEDANTIC
12 THAN I HAVE BEEN, BUT WHEN YOU SAY YOU DON'T
13 RECALL, IS IT ACCURATE THAT YOU DON'T RECALL
14 WHETHER AS OF NOVEMBER 9, 1988, YOU WERE AWARE
15 THAT LAVENTHOL AND HORWATH HAD PERFORMED WORK IN
16 CONNECTION WITH THE TAJ?

17 MR. BASKIN: YOU BEING CLARIFIED
18 AGAIN BY DAVID PERSONALLY?

19 MR. COLLINS: YES.

20 THE WITNESS: I SIMPLY DON'T REMEMBER
21 WHETHER I KNEW THEY HAD DONE WORK, WHETHER OR NOT
22 THEY HAD DONE WORK. AND I DON'T RECALL OBVIOUSLY
23 IF I CAN'T REMEMBER WHETHER OR NOT THEY DID WORK,
24 IF I REVIEWED THIS.

25 BY MR. COLLINS:

1 Q. AND YOUR LAST ANSWER, WHEN YOU SAID "THIS",
2 YOU MEANT EXHIBIT SEVEN?

3 A. YES.

4 Q. DO YOU RECALL WHETHER, AS OF NOVEMBER 9,
5 1988, YOU KNEW WHETHER LAVENTHOL AND HORWATH HAD
6 EVER PERFORMED ANY WORK FOR RESORTS INTERNATIONAL?

7 A. NO, I DON'T. I DON'T RECALL.

8 Q. YOU'RE FAMILIAR WITH THE APPRAISER GROUP
9 INTERNATIONAL?

10 A. YES.

11 Q. AND YOU'RE FAMILIAR WITH MARTIN GROSS
12 ASSOCIATES?

13 A. RIGHT.

14 Q. AND ARE YOU AWARE OF THE FACT THAT THOSE TWO
15 ORGANIZATIONS PERFORMED WORK DURING 1988 IN
16 CONNECTION WITH THE TAJ?

17 A. YES.

18 Q. DID YOU REVIEW SOME OF THE WORK THEY
19 PERFORMED? LET ME START AGAIN. DURING 1988, DID
20 YOU REVIEW ANY WRITTEN DOCUMENTS THEY PREPARED?

21 A. YES.

22 Q. AND WHY DID YOU -- WHAT WRITTEN DOCUMENTS
23 DID THEY PREPARE, IF YOU RECALL?

24 A. WELL, THE ULTIMATE WORK PRODUCT FROM EACH OF
25 THOSE TWO FIRMS WAS AN APPRAISAL, WHICH I REVIEWED

1 EACH OF THEIR APPRAISALS.

2 Q. AND WHEN YOU SAY YOU REVIEWED, YOU MEAN YOU
3 PERSONALLY READ THE APPRAISALS?

4 A. I DEFINITELY LOOKED THROUGH THEM. I WOULD
5 HESITATE TO SAY THAT I READ EVERY SINGLE WORD AND
6 NUMBER.

7 Q. WAS THAT PART OF YOUR UNDERSTANDING OF YOUR
8 RESPONSIBILITY AS THE SENIOR MEMBER OF THE TEAM,
9 TO READ THE OR LOOK THROUGH THE APPRAISALS
10 PERFORMED BY A.G.I. AND M.G.A.?

11 A. YES.

12 Q. AND WHY WAS THAT PART OF YOUR
13 RESPONSIBILITY?

14 A. BECAUSE I FELT A DUTY TO BE PERSONALLY
15 COMFORTABLE WITH THE TRANSACTION. AND I BELIEVED
16 THAT THESE APPRAISALS COULD FORM A USEFUL INPUT.

17 Q. DO YOU KNOW WHETHER MR. MANELLA, IN 1988,
18 READ OR LOOKED THROUGH THESE TWO APPRAISALS?

19 A. I DON'T KNOW.

20 Q. DID YOU HAVE AN OPINION AS TO WHETHER, IN
21 1988, THAT LOOKING THROUGH THOSE APPRAISALS WAS
22 PART OF HIS DUTY IN CONNECTION WITH THIS OFFERING?

23 A. I WOULDN'T HAVE AN OPINION.

24 Q. DO YOU KNOW WHETHER SALSMAN OR DAIFOTIS
25 LOOKED THROUGH OR READ THE APPRAISALS IN 1988?

1 A.G.I. APPRAISAL, BUT WE TALKED THROUGH BOTH WITH
2 STEVE HYDE AND WITH OTHER MEMBERS, WHAT THEY
3 GENUINELY EXPECTED TO ACHIEVE. AND THEY WERE
4 HOPEFUL OF A PERFORMANCE THAT EXCEEDED WHAT WAS
5 SET FORTH IN THE ROAD SHOW.

6 Q. PLEASE TURN TO PAGE EIGHT NINE ONE FIVE OF
7 EXHIBIT EIGHT.

8 A. THAT'S THE MOST RECENT EXHIBIT?

9 Q. YES, SIR. I BELIEVE YOU'LL SEE ON THIS PAGE
10 THERE'S A PROJECTION OF ATLANTIC CITY TOTAL WIN
11 FOR SEVERAL YEARS AND THAT INCLUDES AN INCREASE IN
12 THE WIN FOR ATLANTIC CITY OF FIFTEEN PERCENT IN
13 1990, FIFTEEN PERCENT IN 1991, EIGHT PERCENT IN
14 1992 AND EIGHT PERCENT IN 1993. AM I READING THAT
15 CORRECTLY?

16 A. UM-HUM.

17 Q. DID YOU, AT ANY TIME, COME TO A CONCLUSION
18 AS TO WHETHER THOSE PROJECTIONS WERE REASONABLE OR
19 UNREASONABLE?

20 A. OUR OWN ASSESSMENT WAS THAT A MORE MODEST
21 GROWTH PROJECTION WOULD BE APPROPRIATE, IS MY
22 RECOLLECTION.

23 Q. AND BY OUR OWN, YOU MEAN MERRILL LYNCH'S
24 ASSESSMENTS?

25 A. YES, IN REVIEWING ALL OF THE VARIOUS INPUT,

1 WE HAD A BIAS TOWARD MORE CONSERVATIVE PROJECTIONS
2 THAN SOME OTHERS DID.

3 Q. INCLUDING A.G.I.

4 A. PARDON ME?

5 Q. INCLUDING A.G.I. AS EXPRESSED ON PAGE EIGHT
6 ONE NINE FIVE?

7 A. YES.

8 Q. DO YOU RECALL WHAT MERRILL LYNCH'S ESTIMATE
9 OR PROJECTION FOR THE INCREASE IN 1990 WAS?

10 A. I DON'T.

11 Q. DO YOU KNOW WHETHER IT WAS ABOVE OR BELOW
12 TEN PERCENT?

13 A. I DON'T RECALL.

14 Q. DO YOU RECALL WHAT IT WAS FOR ANY OF THE
15 YEARS 1990 THROUGH 1993?

16 A. NO, I DON'T.

17 Q. DO YOU RECALL THAT THAT ESTIMATE OR
18 PROJECTION BY MERRILL LYNCH WAS LOWER THAN EACH OF
19 THE NUMBERS SET FORTH ON PAGE EIGHT NINE ONE
20 FIVE?

21 MR. BASKIN: LOWER THAN EIGHT POINT
22 ONE TWO, YOU MEAN.

23 THE WITNESS: I DON'T RECALL
24 PRECISELY WHAT OUR PROJECTIONS WERE SO I COULDN'T
25 DETERMINE WHETHER IT WAS HIGHER OR LOWER THAN

1 SOMETHING ELSE, BECAUSE I DON'T REMEMBER WHAT IT
2 WAS.

3 MR. COLLINS: I NEED TO GO BACK A
4 STEP AND MAKE THE RECORD MORE CLEAR.

5 BY MR. COLLINS:

6 Q. DO YOU RECALL WHETHER IN ANY YEAR, 1990
7 THROUGH 1993, MERRILL LYNCH'S ESTIMATE OR
8 PROJECTION OF THE INCREASE IN ATLANTIC CITY WIN
9 WAS AS MUCH AS THE INCREASE INDICATED ON PAGE
10 EIGHT NINE ONE FIVE?

11 MR. BASKIN: I'M NOT SURE I
12 UNDERSTAND THE QUESTION.

13 THE WITNESS: I'M HAVING DIFFICULTY,
14 TOO.

15 BY MR. COLLINS:

16 Q. DID I UNDERSTAND THAT IN GENERAL YOU BELIEVE
17 THAT MERRILL LYNCH'S ESTIMATE OF THE INCREASE WAS
18 LESS THAN THE FIFTEEN PERCENT FOR 1990 INDICATED;
19 IS THAT CORRECT?

20 A. I BELIEVE THAT TO BE THE CASE.

21 Q. DO YOU RECALL THAT MERRILL LYNCH'S ESTIMATE
22 WAS LESS THAN THE FIFTEEN PERCENT FOR THE 1991
23 INDICATED?

24 A. I'M SORRY, I DON'T REMEMBER.

25 Q. DO YOU RECALL WHETHER MERRILL LYNCH'S

1 ESTIMATE WAS LESS THAN WHAT THE EIGHT PERCENT FOR
2 1992 INDICATED?

3 A. I DON'T RECALL.

4 Q. AND DO YOU RECALL WHETHER MERRILL LYNCH'S
5 ESTIMATE WAS LESS THAN THE EIGHT PERCENT FOR 1993?

6 A. I DON'T RECALL.

7 Q. IN THE LAST SERIES OF QUESTIONS, WHEN YOU'VE
8 TESTIFIED AS TO MERRILL LYNCH'S ESTIMATES, IS IT
9 ACCURATE THAT MERRILL LYNCH HAD ONE ESTIMATE OR IS
10 IT INSTEAD POSSIBLE THAT THE REAL ESTATE SIDE HAD
11 ONE ESTIMATE AND THE INVESTMENT HIGH YIELD
12 INVESTMENT SIDE HAD ANOTHER ESTIMATE?

13 A. I THINK THAT WOULD BE UNLIKELY IN THAT WE
14 WERE WORKING TOGETHER ON A TEAM. AND WE WERE
15 REVIEWING THE INPUTS FROM A.G.I. AND OTHERS,
16 TRUMP, IN FORMING AN ASSESSMENT OF WHAT WE WOULD
17 BE COMFORTABLE WITH. AND AS I'VE SAID, ONE OF THE
18 CENTRAL ELEMENTS TO US BECOMING COMFORTABLE ON AN
19 OVERALL BASIS, AS OPPOSED TO STATISTIC BY
20 STATISTIC WAS THE VERY SUBSTANTIAL CASH FLOW
21 COVERAGE THAT COULD BE PRODUCED BY THE PROJECT.

22 Q. AS INDICATED BY THE PROJECTIONS CONTAINED ON
23 THE PAGE EIGHT NINE THREE O, WHICH IS THE EARLIER
24 PAGE YOU LOOKED AT FROM EXHIBIT EIGHT OR AS
25 INDICATED BY THE ROAD SHOW PROJECTIONS ON EXHIBIT

1 FIVE; IS THAT CORRECT?

2 MR. BASKIN: I DON'T UNDERSTAND THAT
3 QUESTION, EITHER.

4 MR. COLLINS: LET ME START AGAIN.

5 BY MR. COLLINS:

6 Q. IF THE -- GOING BACK TO PAGE EIGHT NINE
7 THREE O, IF I MAY, IF YOU COULD KEEP YOUR THUMB AT
8 PAGE EIGHT NINE ONE FIVE, DO YOU SEE FOR 1990 THE
9 EFFECTIVE TOTAL REVENUE NUMBER OF APPROXIMATELY
10 FIVE HUNDRED THIRTY-FIVE MILLION?

11 A. YES.

12 Q. IS ONE OF THE ASSUMPTIONS THAT GOES INTO THE
13 CREATION OF THAT PROJECTION AN ASSUMPTION RELATING
14 TO THE TOTAL WIN IN ATLANTIC CITY FOR 1990?

15 A. I BELIEVE SO.

16 Q. SO IF THE, HYPOTHETICALLY NOW, IF THE
17 ASSUMPTION AS TO TOTAL WIN IS TOO HIGH,
18 HYPOTHETICALLY, THAT NUMBER OF FIVE HUNDRED
19 THIRTY-FIVE, THAT PROJECTION WOULD BE AN
20 UNREASONABLE PROJECTION; IS THAT CORRECT?

21 A. NOT NECESSARILY AT ALL.

22 Q. WHY NOT?

23 A. WELL, THE FIVE HUNDRED AND THIRTY-FIVE IS A
24 NUMBER THAT HAS THE FOLLOWING INPUT AMONG OTHERS.
25 IT HAS THE TOTAL MARKET, THE SHARE OF MARKET, THE

1 COMPOSITION BETWEEN THE CASINO REVENUE BEVERAGE
2 AMONG OTHERS. THERE ARE A NUMBER OF DIFFERENT
3 INPUTS THAT GO INTO CALCULATING THE TOTAL REVENUE.

4 Q. I THINK YOU'RE RIGHT. I THINK I PICKED THE
5 WRONG ONE. LET'S SKIP DOWN TO CASINO REVENUES.
6 HYPOTHETICALLY, IF THE TOTAL, IF THE PROJECTION
7 FOR 1990 FOR TOTAL WIN WAS TEN PERCENT TOO HIGH,
8 DOES THAT MEAN THAT THE PROJECTION OF FOUR HUNDRED
9 EIGHTY MILLION FOR CASINO REVENUES WAS TEN PERCENT
10 TOO HIGH?

11 A. NOT NECESSARILY. IF YOUR SHARE OF MARKET
12 WERE HIGHER.

13 Q. ALL OTHER THINGS STAYING THE SAME INCLUDING
14 MARKET SHARE, IF THE PROJECTION FOR TOTAL ATLANTIC
15 CITY WIN, IF THAT PROJECTION WAS TEN PERCENT TOO
16 HIGH, DOES THAT MEAN THAT THE PROJECTION OF CASINO
17 REVENUES WAS TEN PERCENT TOO HIGH
18 HYPOTHETICALLY?

19 MR. BASKIN: IF WE HOLD ALL THE
20 VARIABLES EQUAL AND IF WE ASSUME THIS NUMBER WAS
21 DERIVED IN PART BY TOTAL ATLANTIC CITY WIN AND IF
22 WE LOWERED, HYPOTHETICALLY THE ASSESSMENT OF TOTAL
23 ATLANTIC CITY WIN, WOULD THAT NUMBER GO DOWN?

24 MR. COLLINS: I PREFER IT THE WAY I
25 ASKED IT.

1 A P P E A R A N C E S: (CONTINUED)

2 WILLKIE, FARR & GALLAGHER, ESQUIRES
3 BY: IRENE KOCH, ESQUIRE
4 ATTORNEYS FOR THE TAJ MAHAL HOTEL AND CASINO

5 W I T N E S S I N D E X

6 EXAMINATION OF MR. WEBB BY MR. COLLINS:
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21 EXHIBIT WEBB-7
22 PAGE 60: BATES STAMP NUMBER M003409
23 EXHIBIT WEBB-8
24 PAGE 70: BATES STAMP NUMBER N8710
25 EXHIBIT WEBB-9
PAGE 107: BATES STAMP NUMBER M8433

1 (DAVID WEBB, HAVING BEEN DULY SWORN, WAS EXAMINED
2 AND TESTIFIED AS FOLLOWS:)

3 (EXAMINATION OF MR. WEBB BY MR. COLLINS:)

4 Q. MR. WEBB, THANK YOU FOR COMING TODAY. MY
5 NAME IS TODD COLLINS.

6 MR. BASKIN: WHATEVER PROCEDURES YOU
7 AGREED TO YESTERDAY AS FAR AS FORM OF THE
8 QUESTIONS AND THE LIKE WOULD BE FINE FOR OUR
9 PURPOSES. I DON'T FRANKLY KNOW WHAT WAS AGREED TO
10 YESTERDAY, DO YOU?

11 MR. COLLINS: NO, IT MAKES ME A
12 LITTLE UNCOMFORTABLE TO AGREE TO SOMETHING I'M NOT
13 AWARE OF.

14 MR. BASKIN: CERTAINLY OBJECTIONS TO
15 THE FORM CAN BE RESERVED AS WELL AS OBJECTIONS TO
16 SUBSTANCE CAN BE RESERVED AND PRESUMABLY THE
17 SUBJECT TO WHATEVER STAGE OF CONFIDENTIALITY WE'VE
18 AGREED TO PREVIOUSLY AND I TAKE IT HE CAN SWEAR TO
19 IN FRONT OF ANY OATH GIVER AND SIGN THE NORMAL
20 DEPOSITION PROTOCOL IN THAT RESPECT AS TO
21 FORMALITIES.

22 MR. COLLINS: YES TO ALL THAT.

23 BY MR. COLLINS:

24 Q. MY NAME IS TODD COLLINS AND I AND MR. CLAY
25 HAMLIN, WE ARE GOING TO DEPOSE YOU IF WE MAY. YOU

1 ARE CURRENTLY EMPLOYED BY MERRILL LYNCH?

2 A. YES.

3 Q. AND WHAT IS YOUR POSITION CURRENTLY WITH
4 MERRILL LYNCH?

5 A. MANAGING DIRECTOR AND INVESTMENT BANKING
6 DIVISION.

7 Q. AND YOU HAVE BEEN DEPOSED BEFORE?

8 A. NO.

9 Q. NEVER BEFORE?

10 A. NO.

11 Q. IF I ASK A QUESTION AND YOU DON'T UNDERSTAND
12 IT, WOULD YOU BE GOOD ENOUGH TO TELL ME THAT YOU
13 DON'T UNDERSTAND, PLEASE?

14 A. YES.

15 Q. I'LL BE ASKING YOU A SERIES OF QUESTIONS.
16 THE COURT REPORTER WILL BE TAKING THEM DOWN. YOU
17 KNOW THAT YOU ARE SWORN.

18 ARE YOU AWARE THAT THIS DEPOSITION IS BEING
19 TAKEN IN CONNECTION WITH THE TAJ MAHAL BOND HOLDER
20 JUNK SECURITIES LITIGATION?

21 A. YES.

22 Q. HAVE YOU READ THE COMPLAINT IN THIS ACTION?

23 A. YES.

24 Q. HAVE YOU REVIEWED ANY DOCUMENTS IN
25 PREPARATION FOR THIS DEPOSITION?

1 A. YES.

2 Q. WHAT DID YOU REVIEW, PLEASE, TO THE EXTENT
3 THAT YOU CAN RECALL?

4 A. IT WAS, I COVERED A NUMBER OF DOCUMENTS. IT
5 INCLUDED THE COMPLAINT, THE PROSPECTUS AND THERE
6 WERE DOZENS OF THINGS.

7 Q. DID YOU LOOK AT ANY, DID YOU LOOK AT THE
8 SUMMARY DUE DILIGENCE MEMORANDUM?

9 A. YES, I DID.

10 Q. NOW, DID YOU LOOK AT ANY PROJECTIONS THAT
11 WERE IN EXISTENCE AT THE TIME OF THE OFFERING?

12 A. YES.

13 Q. AND DID YOU LOOK AT ANY APPRAISALS?

14 A. I DIDN'T REVIEW THE SPECIFIC APPRAISAL. TO
15 BE CLEAR, I DID AT THE TIME OF THE OFFERING, BUT I
16 DIDN'T REVIEW THEM IN ADVANCE OF THIS.

17 Q. NOW, IN CONNECTION WITH -- THE OFFERING WAS
18 UNDERWRITTEN BY MERRILL LYNCH; IS THAT CORRECT?

19 A. YES.

20 Q. DID YOU PERSONALLY HAVE A ROLE IN CONNECTION
21 WITH MERRILL LYNCH'S WORK ON THE OFFERING?

22 A. YES.

23 Q. WHAT WAS THAT ROLE, PLEASE?

24 A. I WAS RESPONSIBLE FOR THE FIRM'S
25 RELATIONSHIP WITH DONALD TRUMP. I LED THE

1 SOLICITATIONS OF THE BUSINESS FROM HIM AND I WAS
2 THE SENIOR MEMBER OF THE MERRILL LYNCH TEAM THAT
3 EXECUTED THE FINANCING.

4 Q. WHEN YOU SAY YOU WERE THE SENIOR MEMBER OF
5 THE MERRILL LYNCH TEAM THAT EXECUTED THE
6 FINANCING, WHAT DOES THAT MEAN?

7 A. I WAS THE TEAM LEADER, AS IT WERE.

8 Q. AS TEAM LEADER, DID YOU DIRECT THE DUE
9 DILIGENCE ACTIVITIES UNDERTAKEN BY MERRILL LYNCH?

10 A. I WAS INVOLVED IN MUCH OF THE DUE DILIGENCE.

11 Q. WHO, IF ANYONE, DETERMINED WHAT DUE
12 DILIGENCE WOULD BE UNDERTAKEN?

13 A. IT WAS A COLLABORATIVE EFFORT AMONGST THE
14 TEAM MEMBERS AND OUR COUNSEL AS TO DEFINITE THINGS
15 WE WISHED TO INVESTIGATE AS PART OF THE PROCESS.

16 Q. NOW, PRIOR TO THIS OFFERING, YOU HAD THEN, I
17 PRESUME, BEEN INVOLVED IN OTHER OFFERINGS AT
18 MERRILL LYNCH?

19 A. YES.

20 Q. AND IN CONNECTION WITH THOSE OTHER
21 OFFERINGS, HAD YOU BEEN INVOLVED WITH DUE
22 DILIGENCE ACTIVITIES IN THOSE OFFERINGS?

23 A. YES.

24 Q. HAD YOU BEEN INVOLVED IN AT LEAST FIVE
25 OFFERINGS PRIOR TO THIS PARTICULAR OFFERING WHILE

1 AT MERRILL LYNCH?

2 A. IF I MAY ASK, WHAT SPECIFICALLY DO YOU MEAN
3 BY OFFERING?

4 Q. LET ME NARROW THAT, IF I MAY, TO OFFERINGS
5 OF PUBLIC OFFERINGS OF BONDS, SPECIFICALLY HIGH
6 YIELD JUNK BONDS.

7 A. IN THAT CASE, THE ANSWER WOULD BE NO.

8 Q. WAS THIS THE FIRST JUNK BOND -- IS IT FAIR
9 TO CHARACTERIZE THE BONDS THAT ARE THE SUBJECT OF
10 THIS LITIGATION AS JUNK BONDS? IS HIGH YIELD
11 BONDS A BETTER TERM?

12 A. THE BONDS HAD BOTH REAL ESTATE
13 CHARACTERISTICS AND HIGH YIELD BOND
14 CHARACTERISTICS. BUT YES, THEY DEFINITELY HAD A
15 HIGH YIELD.

16 Q. WAS THIS THE FIRST HIGH YIELD BOND OFFER IN
17 WHICH YOU HAD BEEN INVOLVED AT MERRILL LYNCH?

18 MR. BASKIN: INVOLVED? THAT'S A
19 PRETTY BROAD TERM. YOU'RE NOT TALKING AS TEAM
20 LEADER NOW?

21 MR. COLLINS: NO, I MEANT AS MEMBER
22 OF THE TEAM, EITHER A LEADER OR SOMEONE ELSE.

23 THE WITNESS: NO, I WANT TO BE,
24 RESPONSIVE TO YOUR QUESTION. I CERTAINLY HAD BEEN
25 CONSULTED ON CERTAIN REAL ESTATE ASPECTS THAT MAY

1 HAVE BEEN INVOLVED IN OTHER OFFERINGS.

2 BY MR. COLLINS:

3 Q. HAD YOU BEEN TEAM LEADER PRIOR TO THIS
4 OFFERING OF ANY HIGH YIELD BOND OFFERING?

5 A. NO.

6 Q. HAD YOU BEEN TEAM LEADER PRIOR TO THIS
7 OFFERING OF ANY SECURITIES OFFERING OTHER THAN A
8 HIGH YIELD BOND OFFERING?

9 A. ONCE AGAIN, COULD YOU BE MORE SPECIFIC ABOUT
10 SECURITIES OFFERING?

11 Q. I'M REFERRING TO AN OFFERING OF EITHER
12 EQUITY OR DEBT IN A PUBLIC OFFERING.

13 A. IN A PUBLIC OFFERING?

14 Q. YES.

15 A. I DON'T BELIEVE SO.

16 MR. COLLINS: I'M GOING TO MARK, IF I
17 MAY, A DOCUMENT THAT'S BATES STAMPED M NINE EIGHT
18 SIX ONE THROUGH NINE EIGHT SIX FIVE AS PLAINTIFF'S
19 EXHIBIT, AS WEBB EXHIBIT ONE, IF I MAY.

20 (EXHIBIT WEBB-1, SUMMARY DUE
21 DILIGENCE MEMORANDUM, IS MARKED FOR
22 IDENTIFICATION)

23 BY MR. COLLINS:

24 Q. IF YOU WOULD TAKE A LOOK AT THIS DOCUMENT
25 AND TELL ME, IF YOU WOULD, WHETHER YOU'VE SEEN IT

1 DIRECTOR AT THAT TIME.

2 Q. WHAT WAS HIS FUNCTION IN THE OFFERING?

3 A. PRIMARILY REAL ESTATE RELATED ISSUES.

4 Q. HOW DID YOU DIVIDE THE RESPONSIBILITIES FOR
5 THE REAL ESTATE AREA BETWEEN YOURSELF AND SALSMAN?

6 A. I WOULD SAY THAT WE WERE SUBSTANTIALLY
7 INTERCHANGEABLE. ALTHOUGH HE DOES REPORT TO ME.

8 Q. AT MERRILL LYNCH AT THE TIME OF THE
9 OFFERING, WHAT WAS THE NEXT STEP DOWN IN THE
10 HIERARCHY FROM MANAGING DIRECTOR?

11 A. WE NOW HAVE A TITLE CALLED DIRECTOR. THAT
12 TITLE MAY HAVE BEEN IN EFFECT.

13 Q. DO YOU KNOW WHETHER THERE WAS ANY DIRECTOR
14 WHO WORKED DIRECTLY ON THE OFFERING?

15 A. DAIFOTIS MAY HAVE BEEN A DIRECTOR.

16 Q. WHAT WAS MR. DAIFOTIS' FUNCTION IN
17 CONNECTION WITH THE OFFERING?

18 A. DAIFOTIS WAS THE SENIOR MOST HIGH YIELD
19 SPECIALIST DIRECTLY INVOLVED WITH THE TRANSACTION.

20 Q. WAS THERE ANYONE AT MERRILL LYNCH WHO HAD
21 RESPONSIBILITY FOR THE CASINO INDUSTRY OR THE
22 GAMING ASPECTS OF THE TRANSACTION?

23 A. THE FIRM DOESN'T HAVE A SPECIALIST CASINO
24 DEPARTMENT.

25 Q. DID YOU PERSONALLY, PRIOR TO THIS OFFERING,

1 HAVE EXPERIENCE IN THE CASINO INDUSTRY?

2 A. YES.

3 Q. DO YOU KNOW WHETHER MANELLA OR DAIFOTIS OR
4 SALSMAN HAD SUCH EXPERIENCE PRIOR TO THE OFFERING?

5 A. I DON'T KNOW SPECIFICALLY.

6 Q. WHAT WAS YOUR EXPERIENCE, PRIOR TO THE
7 OFFERING, IN THE CASINO INDUSTRY, PLEASE?

8 A. I WAS ON THE TEAM OF THE FIRM THAT
9 REPRESENTED THE ESTATE OF JAMES CROSBY IN THE
10 DISPOSITION OF THEIR RESORTS INTERNATIONAL SHARES.

11 Q. WHEN DID THAT DISPOSITION TAKE PLACE?

12 A. MY BEST RECOLLECTION WAS THAT IT WAS EITHER
13 LATE '86 OR '87, BUT, THAT'S MY BEST RECOLLECTION.

14 Q. NOW, APART FROM YOUR WORK IN CONNECTION WITH
15 THAT DISPOSITION OF THE RESORTS SHARES IN THE
16 CROSBY ESTATE, DID YOU HAVE OTHER PRIOR EXPERIENCE
17 IN THE CASINO INDUSTRY?

18 A. WHEN YOU SAY PRIOR EXPERIENCE, CAN I ASK YOU
19 TO ELABORATE, PLEASE?

20 Q. I'LL BE GLAD TO TRY. PRIOR TO THE OFFERING
21 THAT'S THE SUBJECT OF THIS LITIGATION, DID YOU
22 WORK AS A MEMBER OF A MERRILL LYNCH TEAM IN
23 CONNECTION WITH AN UNDERWRITING IN THE CASINO
24 INDUSTRY?

25 A. NO.

1 Q. THE SUMMARY THAT YOU SAW, THAT YOU JUST
2 TESTIFIED TO, WAS A SUMMARY THAT YOU LOOKED AT IN
3 CONNECTION WITH YOUR PREPARATION FOR THIS
4 DEPOSITION; IS THAT CORRECT?

5 A. YES.

6 Q. AT ANY TIME, WAS THERE ANY OTHER DOCUMENT
7 APART FROM THAT SUMMARY, WAS THERE ANY DOCUMENT
8 THAT AT ANY TIME YOU LOOKED AT, INCLUDING AT THE
9 TIME OF THE OFFERING, THAT REVEALED TO YOU A LOWER
10 NET REVENUE NUMBER PREPARED BY LAVENTHOL AND
11 HORWATH?

12 MR. BASKIN: AGAIN, WE ARE TALKING
13 FOR PURPOSES OF THE DEPOSITION? AT ANY TIME IN
14 THE PAST, INCLUDING 1988?

15 MR. COLLINS: YES.

16 THE WITNESS: I DON'T REMEMBER IF I
17 SAW THIS OR ANY REFERENCES TO IT BEFORE.

18 BY MR. COLLINS:

19 Q. AND BY THIS, SIR, ARE YOU REFERRING TO PAGE
20 THREE FOUR FIVE FOUR OF EXHIBIT SEVEN?

21 A. I'M REFERRING TO THIS ENTIRE DOCUMENT.

22 MR. BASKIN: EXHIBIT SEVEN.

23 MR. COLLINS: FINE, THANK YOU.

24 BY MR. COLLINS:

25 Q. DO YOU KNOW WHETHER, AS OF NOVEMBER 9, 1988,

1 YOU HAD ANY KNOWLEDGE THAT LAVENTHOL AND HORWATH
2 HAD EVER DONE ANY WORK IN CONNECTION WITH THE
3 TAJ?

4 MR. BASKIN: YOU MEAN DAVID
5 PERSONALLY?

6 MR. COLLINS: YES.

7 THE WITNESS: I SIMPLY DON'T REMEMBER
8 WHETHER I SAW THIS BEFORE, KNEW THEY HAD DONE WORK
9 BEFORE, I'M AFRAID I DON'T RECALL.

10 BY MR. COLLINS:

11 Q. I DON'T MEAN TO BE PEDANTIC OR MORE PEDANTIC
12 THAN I HAVE BEEN, BUT WHEN YOU SAY YOU DON'T
13 RECALL, IS IT ACCURATE THAT YOU DON'T RECALL
14 WHETHER AS OF NOVEMBER 9, 1988, YOU WERE AWARE
15 THAT LAVENTHOL AND HORWATH HAD PERFORMED WORK IN
16 CONNECTION WITH THE TAJ?

17 MR. BASKIN: YOU BEING CLARIFIED
18 AGAIN BY DAVID PERSONALLY?

19 MR. COLLINS: YES.

20 THE WITNESS: I SIMPLY DON'T REMEMBER
21 WHETHER I KNEW THEY HAD DONE WORK, WHETHER OR NOT
22 THEY HAD DONE WORK. AND I DON'T RECALL OBVIOUSLY
23 IF I CAN'T REMEMBER WHETHER OR NOT THEY DID WORK,
24 IF I REVIEWED THIS.

25 BY MR. COLLINS:

1 Q. AND YOUR LAST ANSWER, WHEN YOU SAID "THIS",
2 YOU MEANT EXHIBIT SEVEN?

3 A. YES.

4 Q. DO YOU RECALL WHETHER, AS OF NOVEMBER 9,
5 1988, YOU KNEW WHETHER LAVENTHOL AND HORWATH HAD
6 EVER PERFORMED ANY WORK FOR RESORTS INTERNATIONAL?

7 A. NO, I DON'T. I DON'T RECALL.

8 Q. YOU'RE FAMILIAR WITH THE APPRAISER GROUP
9 INTERNATIONAL?

10 A. YES.

11 Q. AND YOU'RE FAMILIAR WITH MARTIN GROSS
12 ASSOCIATES?

13 A. RIGHT.

14 Q. AND ARE YOU AWARE OF THE FACT THAT THOSE TWO
15 ORGANIZATIONS PERFORMED WORK DURING 1988 IN
16 CONNECTION WITH THE TAJ?

17 A. YES.

18 Q. DID YOU REVIEW SOME OF THE WORK THEY
19 PERFORMED? LET ME START AGAIN. DURING 1988, DID
20 YOU REVIEW ANY WRITTEN DOCUMENTS THEY PREPARED?

21 A. YES.

22 Q. AND WHY DID YOU -- WHAT WRITTEN DOCUMENTS
23 DID THEY PREPARE, IF YOU RECALL?

24 A. WELL, THE ULTIMATE WORK PRODUCT FROM EACH OF
25 THOSE TWO FIRMS WAS AN APPRAISAL, WHICH I REVIEWED

1 EACH OF THEIR APPRAISALS.

2 Q. AND WHEN YOU SAY YOU REVIEWED, YOU MEAN YOU
3 PERSONALLY READ THE APPRAISALS?

4 A. I DEFINITELY LOOKED THROUGH THEM. I WOULD
5 HESITATE TO SAY THAT I READ EVERY SINGLE WORD AND
6 NUMBER.

7 Q. WAS THAT PART OF YOUR UNDERSTANDING OF YOUR
8 RESPONSIBILITY AS THE SENIOR MEMBER OF THE TEAM,
9 TO READ THE OR LOOK THROUGH THE APPRAISALS
10 PERFORMED BY A.G.I. AND M.G.A.?

11 A. YES.

12 Q. AND WHY WAS THAT PART OF YOUR
13 RESPONSIBILITY?

14 A. BECAUSE I FELT A DUTY TO BE PERSONALLY
15 COMFORTABLE WITH THE TRANSACTION. AND I BELIEVED
16 THAT THESE APPRAISALS COULD FORM A USEFUL INPUT.

17 Q. DO YOU KNOW WHETHER MR. MANELLA, IN 1988,
18 READ OR LOOKED THROUGH THESE TWO APPRAISALS?

19 A. I DON'T KNOW.

20 Q. DID YOU HAVE AN OPINION AS TO WHETHER, IN
21 1988, THAT LOOKING THROUGH THOSE APPRAISALS WAS
22 PART OF HIS DUTY IN CONNECTION WITH THIS OFFERING?

23 A. I WOULDN'T HAVE AN OPINION.

24 Q. DO YOU KNOW WHETHER SALSMAN OR DAIFOTIS
25 LOOKED THROUGH OR READ THE APPRAISALS IN 1988?

1 A.G.I. APPRAISAL, BUT WE TALKED THROUGH BOTH WITH
2 STEVE HYDE AND WITH OTHER MEMBERS, WHAT THEY
3 GENUINELY EXPECTED TO ACHIEVE. AND THEY WERE
4 HOPEFUL OF A PERFORMANCE THAT EXCEEDED WHAT WAS
5 SET FORTH IN THE ROAD SHOW.

6 Q. PLEASE TURN TO PAGE EIGHT NINE ONE FIVE OF
7 EXHIBIT EIGHT.

8 A. THAT'S THE MOST RECENT EXHIBIT?

9 Q. YES, SIR. I BELIEVE YOU'LL SEE ON THIS PAGE
10 THERE'S A PROJECTION OF ATLANTIC CITY TOTAL WIN
11 FOR SEVERAL YEARS AND THAT INCLUDES AN INCREASE IN
12 THE WIN FOR ATLANTIC CITY OF FIFTEEN PERCENT IN
13 1990, FIFTEEN PERCENT IN 1991, EIGHT PERCENT IN
14 1992 AND EIGHT PERCENT IN 1993. AM I READING THAT
15 CORRECTLY?

16 A. UM-HUM.

17 Q. DID YOU, AT ANY TIME, COME TO A CONCLUSION
18 AS TO WHETHER THOSE PROJECTIONS WERE REASONABLE OR
19 UNREASONABLE?

20 A. OUR OWN ASSESSMENT WAS THAT A MORE MODEST
21 GROWTH PROJECTION WOULD BE APPROPRIATE, IS MY
22 RECOLLECTION.

23 Q. AND BY OUR OWN, YOU MEAN MERRILL LYNCH'S
24 ASSESSMENTS?

25 A. YES, IN REVIEWING ALL OF THE VARIOUS INPUT,

1 WE HAD A BIAS TOWARD MORE CONSERVATIVE PROJECTIONS
2 THAN SOME OTHERS DID.

3 Q. INCLUDING A.G.I.

4 A. PARDON ME?

5 Q. INCLUDING A.G.I. AS EXPRESSED ON PAGE EIGHT
6 ONE NINE FIVE?

7 A. YES.

8 Q. DO YOU RECALL WHAT MERRILL LYNCH'S ESTIMATE
9 OR PROJECTION FOR THE INCREASE IN 1990 WAS?

10 A. I DON'T.

11 Q. DO YOU KNOW WHETHER IT WAS ABOVE OR BELOW
12 TEN PERCENT?

13 A. I DON'T RECALL.

14 Q. DO YOU RECALL WHAT IT WAS FOR ANY OF THE
15 YEARS 1990 THROUGH 1993?

16 A. NO, I DON'T.

17 Q. DO YOU RECALL THAT THAT ESTIMATE OR
18 PROJECTION BY MERRILL LYNCH WAS LOWER THAN EACH OF
19 THE NUMBERS SET FORTH ON PAGE EIGHT NINE ONE
20 FIVE?

21 MR. BASKIN: LOWER THAN EIGHT POINT
22 ONE TWO, YOU MEAN.

23 THE WITNESS: I DON'T RECALL
24 PRECISELY WHAT OUR PROJECTIONS WERE SO I COULDN'T
25 DETERMINE WHETHER IT WAS HIGHER OR LOWER THAN

1 SOMETHING ELSE, BECAUSE I DON'T REMEMBER WHAT IT
2 WAS.

3 MR. COLLINS: I NEED TO GO BACK A
4 STEP AND MAKE THE RECORD MORE CLEAR.
5 BY MR. COLLINS:

6 Q. DO YOU RECALL WHETHER IN ANY YEAR, 1990
7 THROUGH 1993, MERRILL LYNCH'S ESTIMATE OR
8 PROJECTION OF THE INCREASE IN ATLANTIC CITY WIN
9 WAS AS MUCH AS THE INCREASE INDICATED ON PAGE
10 EIGHT NINE ONE FIVE?

11 MR. BASKIN: I'M NOT SURE I
12 UNDERSTAND THE QUESTION.

13 THE WITNESS: I'M HAVING DIFFICULTY,
14 TOO.

15 BY MR. COLLINS:

16 Q. DID I UNDERSTAND THAT IN GENERAL YOU BELIEVE
17 THAT MERRILL LYNCH'S ESTIMATE OF THE INCREASE WAS
18 LESS THAN THE FIFTEEN PERCENT FOR 1990 INDICATED;
19 IS THAT CORRECT?

20 A. I BELIEVE THAT TO BE THE CASE.

21 Q. DO YOU RECALL THAT MERRILL LYNCH'S ESTIMATE
22 WAS LESS THAN THE FIFTEEN PERCENT FOR THE 1991
23 INDICATED?

24 A. I'M SORRY, I DON'T REMEMBER.

25 Q. DO YOU RECALL WHETHER MERRILL LYNCH'S

1 ESTIMATE WAS LESS THAN WHAT THE EIGHT PERCENT FOR
2 1992 INDICATED?

3 A. I DON'T RECALL.

4 Q. AND DO YOU RECALL WHETHER MERRILL LYNCH'S
5 ESTIMATE WAS LESS THAN THE EIGHT PERCENT FOR 1993?

6 A. I DON'T RECALL.

7 Q. IN THE LAST SERIES OF QUESTIONS, WHEN YOU'VE
8 TESTIFIED AS TO MERRILL LYNCH'S ESTIMATES, IS IT
9 ACCURATE THAT MERRILL LYNCH HAD ONE ESTIMATE OR IS
10 IT INSTEAD POSSIBLE THAT THE REAL ESTATE SIDE HAD
11 ONE ESTIMATE AND THE INVESTMENT HIGH YIELD
12 INVESTMENT SIDE HAD ANOTHER ESTIMATE?

13 A. I THINK THAT WOULD BE UNLIKELY IN THAT WE
14 WERE WORKING TOGETHER ON A TEAM. AND WE WERE
15 REVIEWING THE INPUTS FROM A.G.I. AND OTHERS,
16 TRUMP, IN FORMING AN ASSESSMENT OF WHAT WE WOULD
17 BE COMFORTABLE WITH. AND AS I'VE SAID, ONE OF THE
18 CENTRAL ELEMENTS TO US BECOMING COMFORTABLE ON AN
19 OVERALL BASIS, AS OPPOSED TO STATISTIC BY
20 STATISTIC WAS THE VERY SUBSTANTIAL CASH FLOW
21 COVERAGE THAT COULD BE PRODUCED BY THE PROJECT.

22 Q. AS INDICATED BY THE PROJECTIONS CONTAINED ON
23 THE PAGE EIGHT NINE THREE O, WHICH IS THE EARLIER
24 PAGE YOU LOOKED AT FROM EXHIBIT EIGHT OR AS
25 INDICATED BY THE ROAD SHOW PROJECTIONS ON EXHIBIT

1 FIVE; IS THAT CORRECT?

2 MR. BASKIN: I DON'T UNDERSTAND THAT
3 QUESTION, EITHER.

4 MR. COLLINS: LET ME START AGAIN.

5 BY MR. COLLINS:

6 Q. IF THE -- GOING BACK TO PAGE EIGHT NINE
7 THREE O, IF I MAY, IF YOU COULD KEEP YOUR THUMB AT
8 PAGE EIGHT NINE ONE FIVE, DO YOU SEE FOR 1990 THE
9 EFFECTIVE TOTAL REVENUE NUMBER OF APPROXIMATELY
10 FIVE HUNDRED THIRTY-FIVE MILLION?

11 A. YES.

12 Q. IS ONE OF THE ASSUMPTIONS THAT GOES INTO THE
13 CREATION OF THAT PROJECTION AN ASSUMPTION RELATING
14 TO THE TOTAL WIN IN ATLANTIC CITY FOR 1990?

15 A. I BELIEVE SO.

16 Q. SO IF THE, HYPOTHETICALLY NOW, IF THE
17 ASSUMPTION AS TO TOTAL WIN IS TOO HIGH,
18 HYPOTHETICALLY, THAT NUMBER OF FIVE HUNDRED
19 THIRTY-FIVE, THAT PROJECTION WOULD BE AN
20 UNREASONABLE PROJECTION; IS THAT CORRECT?

21 A. NOT NECESSARILY AT ALL.

22 Q. WHY NOT?

23 A. WELL, THE FIVE HUNDRED AND THIRTY-FIVE IS A
24 NUMBER THAT HAS THE FOLLOWING INPUT AMONG OTHERS.
25 IT HAS THE TOTAL MARKET, THE SHARE OF MARKET, THE

1 COMPOSITION BETWEEN THE CASINO REVENUE BEVERAGE
2 AMONG OTHERS. THERE ARE A NUMBER OF DIFFERENT
3 INPUTS THAT GO INTO CALCULATING THE TOTAL REVENUE.

4 Q. I THINK YOU'RE RIGHT. I THINK I PICKED THE
5 WRONG ONE. LET'S SKIP DOWN TO CASINO REVENUES.
6 HYPOTHETICALLY, IF THE TOTAL, IF THE PROJECTION
7 FOR 1990 FOR TOTAL WIN WAS TEN PERCENT TOO HIGH,
8 DOES THAT MEAN THAT THE PROJECTION OF FOUR HUNDRED
9 EIGHTY MILLION FOR CASINO REVENUES WAS TEN PERCENT
10 TOO HIGH?

11 A. NOT NECESSARILY. IF YOUR SHARE OF MARKET
12 WERE HIGHER.

13 Q. ALL OTHER THINGS STAYING THE SAME INCLUDING
14 MARKET SHARE, IF THE PROJECTION FOR TOTAL ATLANTIC
15 CITY WIN, IF THAT PROJECTION WAS TEN PERCENT TOO
16 HIGH, DOES THAT MEAN THAT THE PROJECTION OF CASINO
17 REVENUES WAS TEN PERCENT TOO HIGH
18 HYPOTHETICALLY?

19 MR. BASKIN: IF WE HOLD ALL THE
20 VARIABLES EQUAL AND IF WE ASSUME THIS NUMBER WAS
21 DERIVED IN PART BY TOTAL ATLANTIC CITY WIN AND IF
22 WE LOWERED, HYPOTHETICALLY THE ASSESSMENT OF TOTAL
23 ATLANTIC CITY WIN, WOULD THAT NUMBER GO DOWN?

24 MR. COLLINS: I PREFER IT THE WAY I
25 ASKED IT.